

## **2010-125 AUDIT SCOPE AND OBJECTIVES—California State Lands Commission (Commission)**

The audit by the Bureau of State Audits will provide independently developed and verified information related to the Commission's management of leases and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Determine the changes the Commission made to its process for reviewing leases to address the findings in the Auditor General's 1984 report.
3. Review the current process used by the Commission to review leases and determine whether the process includes steps to calculate and revise rents based on property appraisals and other relevant factors. In addition, determine how frequently the Commission appraises the value of its leased properties.
4. Determine the time standards established for completing each step in the rent review process and whether the Commission notifies lessees of potential changes to leases in a timely manner.
5. Determine the Commission's process for managing leases that are in a holdover status, including how it sets payments during the holdover period.
6. For a sample of leases, determine whether the Commission is adequately managing its leases relevant to lease-related processes identified in objectives #2 through #5 above.
7. Identify the price per lineal foot of pipelines and conduits that the Commission currently uses in developing rents and determine whether this price should be revised to reflect changes in a relevant price index.
8. Review and assess any other issues that are significant to the effective and efficient management of leases of state lands.